

P R E S E N T A T I O N T O

California Debt and Investment Advisory Commission

P R E S E N T E D B Y

Shari Sacks



MBIA

Capital Strength. Triple-A Performance.

Monoline Financial Guarantee Industry Overview

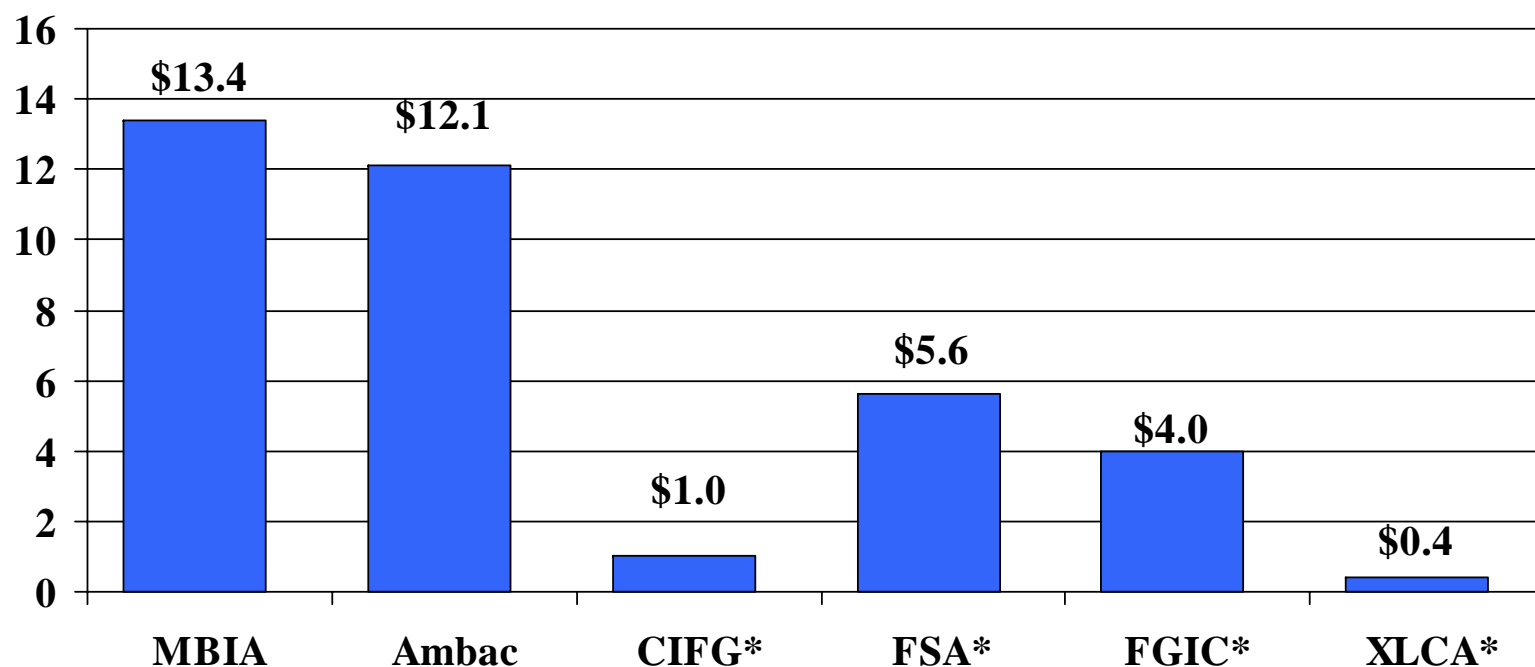
- Financial guarantee industry was established in 1971, MBIA was started in 1974.
- Highly regulated as an insurance company, licensed in all US states
- Provides Triple-A access to capital markets for issuers and Triple-A protection for investors – cost effectively
- Unconditional and irrevocable payment of full principal and interest when due
- Long-term buyers and holders of credit risk
- Prominent, well-established and experienced monolines: MBIA, Ambac, FSA, FGIC

MBIA Insurance Corporation

Leadership in Claims-Paying Resources

(As of December 31, 2005)

\$ in Billions



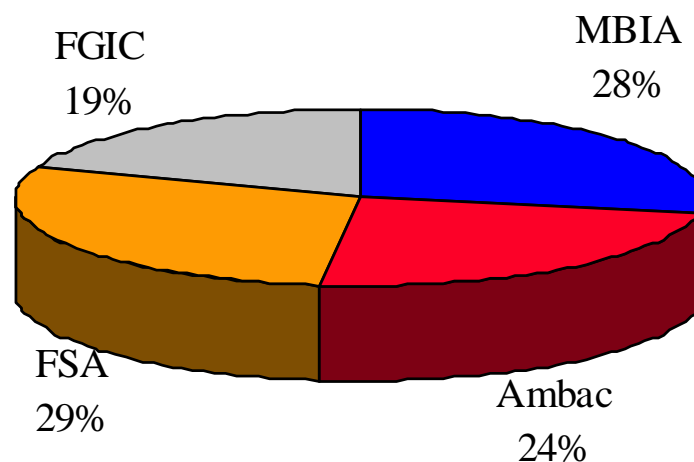
Claims-Paying Ratio	78:1	60:1	48:1	87:1	104:1	30:1
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* As of September 30, 2005.

Monoline Market Share

Gross Par Insured during 2005

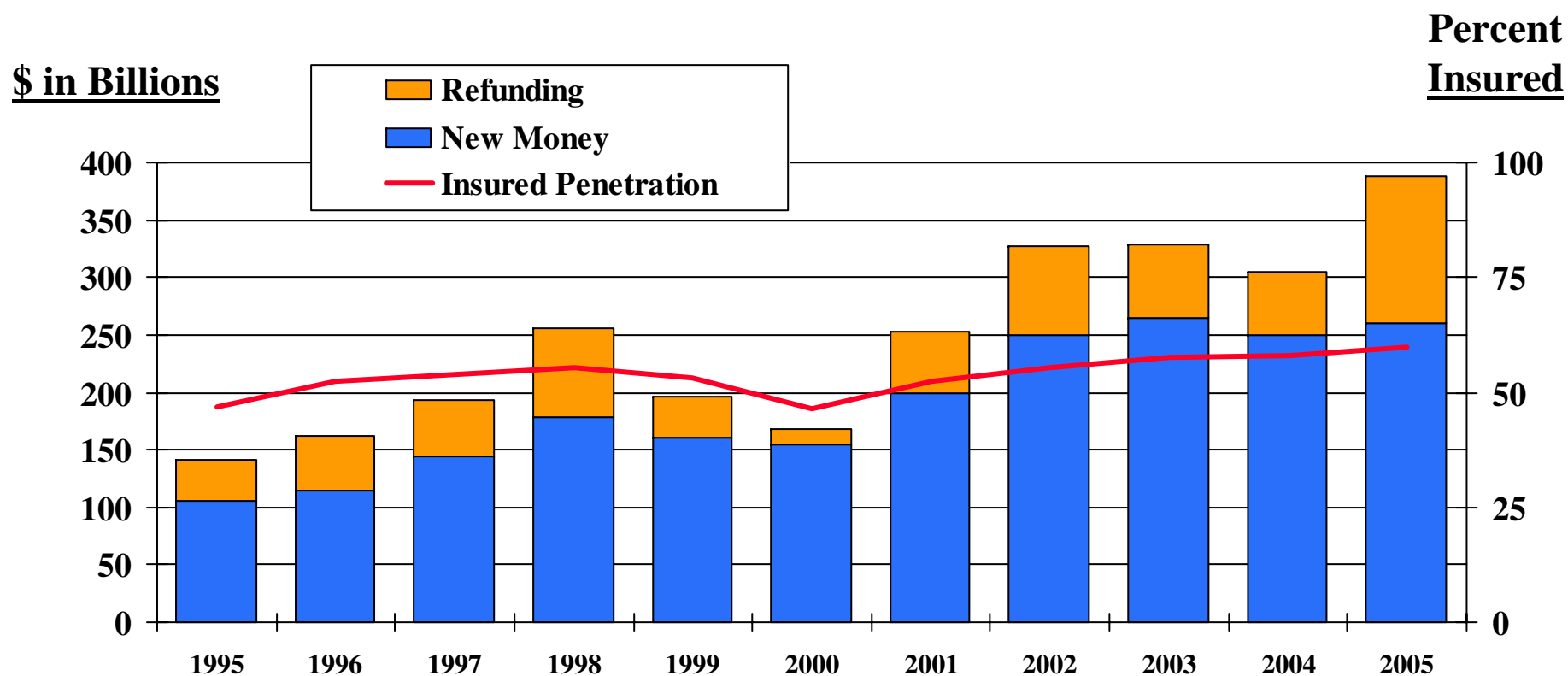
US Municipal Market



Source: Company
reports as of
December 31, 2005

U.S. New Issue Municipal Bond Market

Volume and Insured Penetration



Source: MBIA Market Research Department

Benefit to Issuers

- Triple-A ratings
- Reduced borrowing costs
- Credit risk management and structuring expertise
- Ease of execution
- Confidentiality during periods of stress
- Increased marketability
- Access to capital
 - Retail
 - Institutional

Overview of Issuer Economics

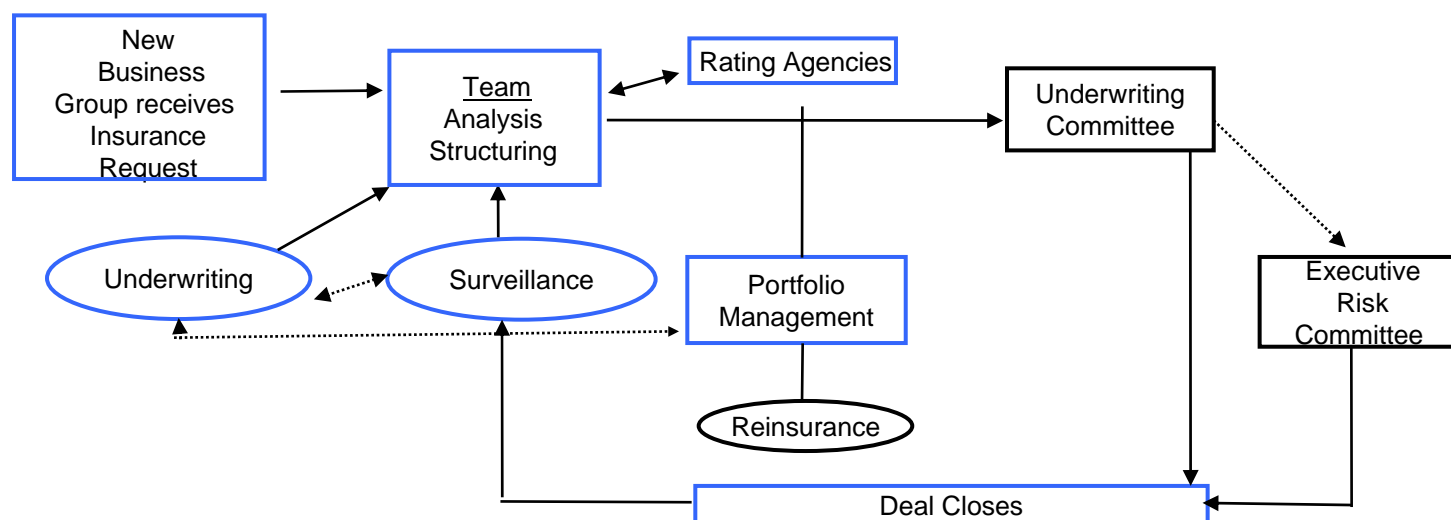
**XYZ City, State, \$50 Million General Obligation Bonds,
30-year final maturity assuming level debt service**

	<u>Uninsured</u>	<u>MBIA-Insured</u>
Credit Rating	A2/A	Aaa/AAA
Coupon Rate	4.6%	4.4%
Debt Service	\$92,675,000	\$90,943,000
Insured Savings	\$0	\$1,732,000
P.V. Insurance Savings	-0-	\$977,400
Up-front Premium	-0-	(\$232,000)
Net Savings to Issuer	-0-	\$745,400

Underwriting Process

- Process Similar to Rating Agencies'
- Zero Loss Underwriting Standard
- Internal Ratings Relate to Risk and Pricing

Underwriting Process

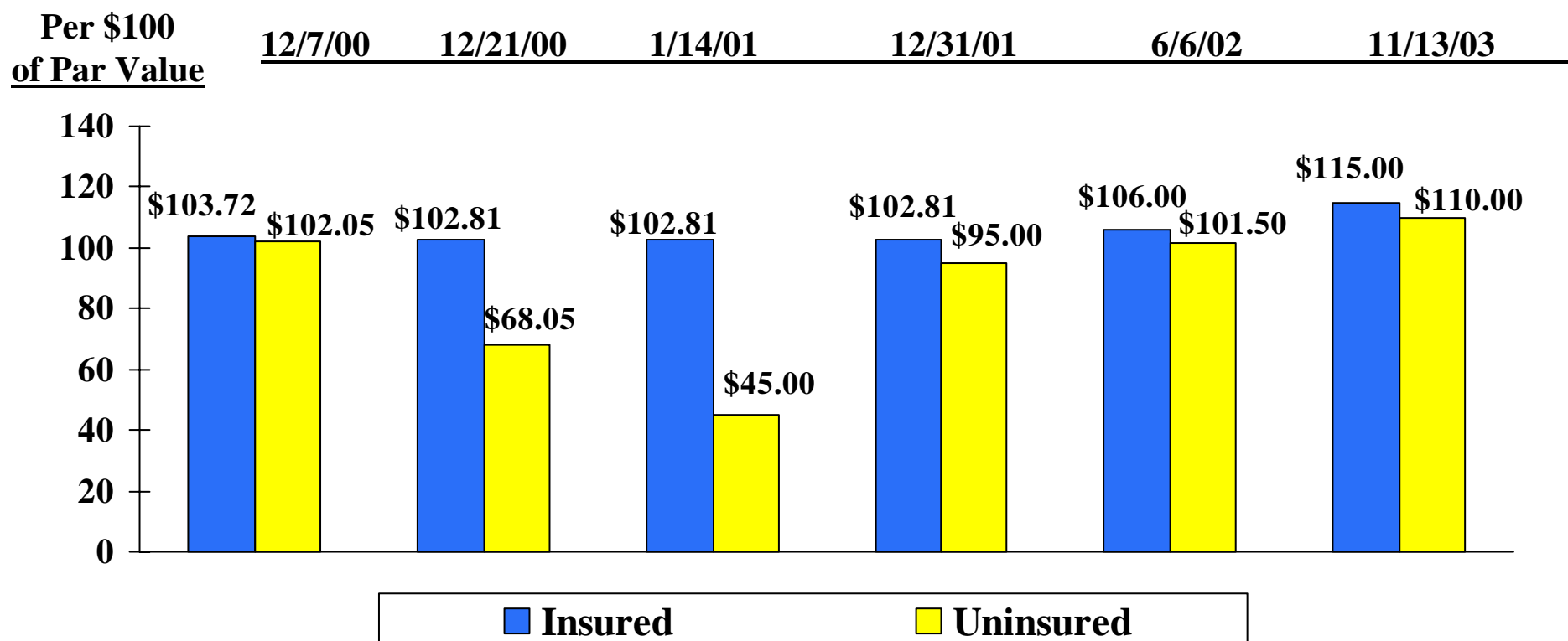


Benefit to Investors

- Secure Triple-A ratings
- Simple, straight-forward, irrevocable and unconditional guarantee
- Mitigation of credit losses, downgrade risk and, to a certain extent, “headline risk”
- Diversified portfolio
- Enhanced secondary market liquidity
- Protection against price volatility
- Remediation and surveillance leverage
- Payment in accordance with original schedule

Why Sell Insured Bonds?

Hidden Value - Price Protection



Southern California Edison Bonds 7.625% 2010

Benefits of Credit Enhancement to Investment Bankers

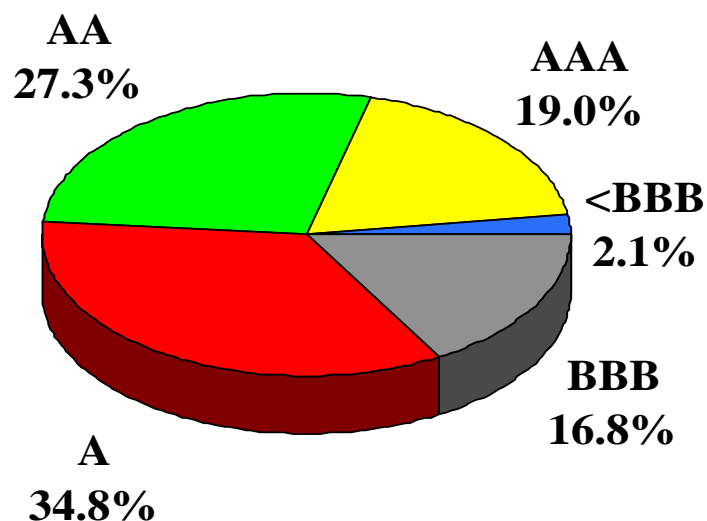
- Complex, story transactions transformed into simple executions
- Reduced underwriting risk
- Leverage full range of expertise and resources vs. keeping higher overhead
- Ability to handle multi-billion and/or super complex deals
- Respect at rating agencies eases the process and can help accelerate/prioritize deals is warranted.
- Active support for marketing of the bonds; largest investor relations team in monoline industry.

MBIA Insurance Corporation

Credit Quality Distribution

(As of December 31, 2005)

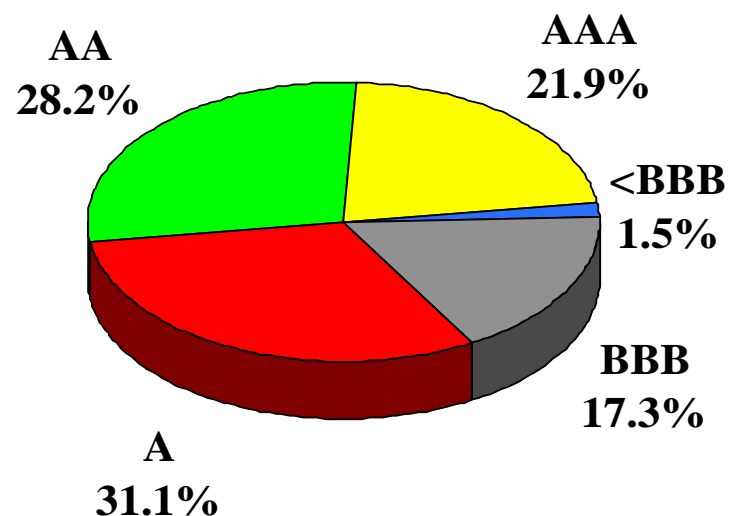
Total Net Par Outstanding*



81.1% Rated A or Better

* Total Net Par Outstanding = \$585 Billion

Business Written 2005



81.2% Rated A or Better

Bond Types Guaranteed

Airport revenue	Private secondary schools
Higher education revenue	Solid waste/resource recovery
General obligation	Sovereign debt
Health care revenue	Special assessments and special tax revenue
Housing revenue	Student loan
Infrastructure finance	PFI/PPP
Non-profit cultural institutions	Bridge and toll road revenue
Gas and electric revenue	Tax increment revenue
Port authority revenue	Municipal lease revenue
Water and sewer Utilities	



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www.mbia.com